



BANK INDONESIA REGULATION
NUMBER 10/34/PBI/2008
CONCERNING
PURCHASE TRANSACTION OF EXPORT USANCE BILLS OF EXCHANGE
BY BANK INDONESIA

BY THE GRACE OF THE ALMIGHTY GOD
THE GOVERNOR OF BANK INDONESIA,

- Considering:
- a. whereas the objective of Bank Indonesia is to achieve and maintain the stability of the Rupiah's value;
 - b. whereas the global financial instability has a significant impact on the demand of foreign currency in the domestic market and the stability of the rupiah's exchange value;
 - c. whereas in the effort to maintain the stability of the rupiah's value, one of the efforts of Bank Indonesia is to encourage the availability of foreign currency's supply in the domestic market through the purchase of export usance bills of exchange;



d. whereas based on the considerations as referred to in point a, point b and point c above , it is deemed necessary to promulgate a regulation concerning the purchase transaction of export usance bills of exchange by Bank Indonesia;

- In View Of:
1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3472) as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette of the Republic of Indonesia Number 3790);
 2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3843) as last amended by Government Regulation in Lieu of Act of the Republic of Indonesia Number 2 of 2008 (State Gazette of the Republic of Indonesia Number 142 of 2008, Supplement



to the State Gazette of the Republic of Indonesia
Number 4901);

3. Act Number 24 of 1999 concerning Foreign Exchange
Flow and Exchange Rate System (State Gazette of the
Republic of Indonesia Number 67 of 1999, Supplement
of the State Gazette of the Republic of Indonesia Number
3844);

H A S D E C R E E D:

To enact: BANK INDONESIA REGULATION CONCERNING
PURCHASE TRANSACTION OF EXPORT USANCE BILLS OF
EXCHANGE BY BANK INDONESIA

CHAPTER I

GENERAL PROVISIONS

Article 1

The terminology used in this Bank Indonesia Regulation has the following
meaning:



1. Bank is a Commercial Bank as referred to Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998, including branch office of a foreign bank in Indonesia which has obtained the license from Bank Indonesia to conduct foreign exchange activities.
2. Export Usance Bills of Exchange (WEB) is an export bill of exchange issued by the exporter, with a specified time period and has been accepted by the overseas accepting bank.
3. Acceptance is the statement of capability of the accepting bank to conduct payment on an export usance bill of exchange issued by the exporter on the due date of the said bill of exchange.
4. Accepting Bank is the overseas bank which accepts the export usance bill of exchange.
5. Selling Bank is the bank, which sales the export usance bills of exchange to Bank Indonesia.
6. Discount Rate is the amount of discount which refers to the market's interest rate for each foreign exchange based on a time period.
7. Right of Recourse is the right of Bank Indonesia to charge the account of the selling bank at Bank Indonesia in case of rejection or insufficient of payment of the Accepting Bank on the due date of the export usance bills of exchange.



8. Working Day is the working days starting on Monday until Friday, except for national holidays and special holidays as stipulated by the government.
9. Transaction Date is the date when a purchase transaction of an export usance bills of change agreement is reached between Bank Indonesia and the selling bank.
10. Currency Date is the completion or settlement date of the Export Usance Bills of Exchange purchase transaction.

Article 2

- (1) Bank Indonesia is authorized to open *WEB* purchase window.
- (2) Bank Indonesia is authorized to invalidate the *WEB* purchase transaction window at any time.

CHAPTER II

INSTRUMENT REQUIREMENTS

Article 3

- (1) The *WEB* which may be purchased by Bank Indonesia is the *WEB* which is purchased directly by the Bank from the exporter or other Bank which has been accepted by the overseas Accepting Bank.



(2) The nominal value of the *WEB* which may be purchased by Bank Indonesia is at the minimum of US\$10,000 (ten thousand US dollars) or equivalent to US\$10,000 (ten thousand US dollars).

Article 4

The *WEB* which may be purchased by Bank Indonesia as referred to in Article 3 is the *WEB* which has the underlying of export trading based on irrevocable usance L/C transaction.

Article 5

The documents which are required in the implementation of *WEB* purchase consist of:

- a. the original of Acceptance note from the Accepting Bank;
- b. the original of the letter of statement from the Selling Bank which contained the statement of accuracy and verification to the documents and the responsibility towards the fulfillment of requirements as mentioned in Bank Indonesia Regulation in the format as mentioned in Attachment 1;
- c. photo copy of the bills of exchange;
- d. photo copy of the Letter of Credit (L/C)



- e. photo copy of the Bill of Lading (B/L) or Airway Bill;
- f. photo copy of invoice; and
- g. Full name and the Tax Registration Number (NPWP) of the exporter.

Article 6

The Selling Bank must be responsible towards the fulfillment of the requirements and the accuracy of the documents delivered by the exporter as referred in Article 5.

Article 7

The *WEB* which may be purchased by Bank Indonesia is the *WEB* which has the remaining time period of thirty (30) days at the minimum and ninety (90) days at the maximum.

Article 8

- (1) The purchase of WEB is conducted by Bank Indonesia based on the foreign exchange against rupiah mechanism or foreign exchange against the same foreign exchange mechanism.
- (2) The WEB which may be purchased by Bank Indonesia is the WEB in the currencies of United States Dollar (USD), Japanese Yen (JPY), Great



Britain Pound Sterling (GBP), Euro (EUR), Australian Dollar (AUD), and/or Swiss Franc (CHF).

CHAPTER III

TRANSACTION REQUIREMENTS

Article 9

- (1) The Selling Bank must deliver a confirmation to the Accepting Bank concerning the obligation to pay the *WEB*, as of the Transaction Date until the latest of two (2) work days prior to the due date of the *WEB* by including the account number of Bank Indonesia at the corresponding bank.
- (2) On the due date of the *WEB*, the full amount of the payment value credited to Bank Indonesia's account is at the amount of the nominal value of the *WEB* sold to Bank Indonesia.
- (3) In case that the payment conducted by the Accepting Bank is less or smaller than the accepted amount of the *WEB* then Bank Indonesia shall charge such deficit or margin to the Selling Bank through a direct debit of the foreign currency account of the Selling Bank at Bank Indonesia.

Article 10



- (1) Bank Indonesia shall purchase the *WEB* with Recourse.
- (2) The implementation of Recourse as referred in paragraph (1) is conducted in 1 (one) subsequent Work Day after the due date of the by debiting the foreign currency account of the Selling Bank at Bank Indonesia together with the imposition of late interests at the amount of the discount rate plus administration fee.
- (3) Debiting of the current foreign currency account of the Selling Bank as referred in paragraph (2) towards the *WEB* which uses currency other than USD as referred in Article 8 paragraph (2) shall be conducted by converting such other currency than USD into USD upon the transaction rate of Bank Indonesia at the date of debiting.
- (4) In the event that after the debiting as referred in paragraph (3), it is known that payments were made by the Accepting Bank then Bank Indonesia shall re-credited with the amount of the nominal value of the bill of exchange which has been debited.

Article 11

The applied Discount Rate for the *WEB* purchase transaction shall be stipulated by Bank Indonesia.



Article 12

The Exchange Rate for the purchase of WEB by the mechanism of foreign currency against rupiah, shall use the purchase rate of Bank Indonesia Transaction Rate on the Transaction Date.

Article 13

- (1) The Accepting Bank as referred in Article 3 paragraph (1) must have short term credit rating minimum of A-3 from the Standard & Poors (S&P) or equivalent rating issued by Moody's Investor.
- (2) In case that there is a difference in the rating as referred in paragraph (1) then the rate used shall be the lowest rating.
- (3) The Bank which may sell *WEB* is a Bank with the minimum Composite Rating (PK) of 2 (PK 2).

Article 14

- (1) The outstanding value of the *WEB* selling transaction to Bank Indonesia is at the maximum of 20% (twenty per cent) of the capital of the Selling Bank (Tier 1).



- (2) The bank may sell the *WEB* from an exporter which is an affiliate of the Bank provided it is in accordance with Bank Indonesia Regulation concerning Legal Lending Limit (*BMPK*).

CHAPTER IV

WEB PURCHASE IMPLEMENTATION PROCEDURES

Article 15

- (1) Bank Indonesia shall announce the *WEB* Discount Rate through Reuters.
- (2) In the event that there is a disturbance in Reuters then other means will be used.
- (3) The announcement as referred in paragraph (1) shall be conducted at the latest on 11.00 Western Indonesian Time.

Article 16

- (1) The Bank which will sell the *WEB* to Bank Indonesia must firstly deliver the information concerning the *WEB* which will be transacted which include the following matters:
- a. Nominal value;
 - b. Type of currency;



- c. Date of the currency;
- d. Due date;
- e. Remaining time period;
- f. Name and credit rating of the Accepting Bank; and
- g. The mechanism of the foreign currency transaction against rupiah or foreign currency against foreign currency.

(2) The information as referred in paragraph (1) shall be delivered by the Selling Bank to Bank Indonesia through Reuters Monitor Dealing System (RMDS) in the period of 11.15 – 11.45 Western Indonesian Time on the same day.

Article 17

- (1) Bank Indonesia shall conduct examination and valuation towards the fulfillment of the requirements of:
- a. Credit Rating of the Accepting Bank as referred in Article 13 paragraph (1);
 - b. Composite Rating and the capital of the Selling Bank as referred in Article 13 paragraph (3) and Article 14 paragraph (1); and
 - c. Information as referred in Article 16 paragraph (1).



- (2) Based on the examination and valuation result as referred in paragraph (1), Bank Indonesia shall determine the approval or rejection towards the WEB sales submitted by the Selling Bank.
- (3) The approval or rejection as referred in paragraph (2) shall be delivered by Bank Indonesia to each Bank through RMDS at 13.00 – 14.00 Western Indonesian Time on the same day.

Article 18

- (1) The Bank which has received the approval as referred in Article 17 paragraph (2) must deliver a confirmation to Bank Indonesia as the requirement for the occurrence of the transaction deal.
- (2) The confirmation as referred in paragraph (1) includes the following matters:
- a. nominal value;
 - b. type of currency;
 - c. date of currency;
 - d. Discount Rate;
 - e. Cash value;
 - f. Exchange Rate (for foreign currency against rupiah mechanism);



- g. Due date;
- h. Remaining time period;
- i. The Bank's current Rupiah account number at Bank Indonesia or USD account number at the corresponding bank;
- j. Name and credit rating of the Accepting Bank;
- k. Number, date and nominal of L/C;
- l. Number and date of B/L;
- m. Number and date of invoice; and
- n. Full name and the NPWP number of the exporter.

Article 19

- (1) Bank Indonesia c.q. the Foreign Currency and Exchange Rate Management Bureau - Foreign Currency Management Directorate shall conduct the *WEB* purchase transaction with the Selling Bank through RMDS application in the Bank's dealing room.
- (2) In the event that RMDS application suffers from any disturbances, then the *WEB* purchase transaction shall utilize telephone facility with a reconfirmation through SWIFT or facsimile.

Article 20



The Selling Bank which has conducted the transaction deal with Bank Indonesia as referred in Article 19 cannot in any way amend or cancel the transaction.

Article 21

- (1) The Selling Bank as referred in Article 20 must submit the documents as referred to in Article 5 to Bank Indonesia – c.q Foreign Currency Transaction Settlement Section, Foreign Currency Management Directorate.
- (2) The submission of documents as referred in Article 5 is conducted by the Selling Bank on the same day after the announcement of approval is obtained until 16.00 Western Indonesian Time or at the latest 1 (one) Work Day after the Transaction Date at 10.00 Western Indonesian Time.
- (3) In the event that the Selling Bank is a Bank domiciled outside the jurisdiction of the Head Office of Bank Indonesia, then the documents as referred to in Article 5 shall be submitted through the local Bank Indonesia Office at the same day after the announcement of the approval is acquired until 16.00 Western Indonesian Time or at the latest 1 (one) work day after the Transaction Date at 10.00 Western Indonesian Time.



- (4) If based on examination, the documents submitted to the Bank, as referred in Article 5, is incomplete and/or the confirmation submitted to the Selling Bank, as referred in Article 18, is inaccurate, then the transaction is cancelled.
- (5) Notice of cancellation as referred in paragraph (4) shall be informed to the Selling Bank on 14.00 – 16.00 Western Indonesian Time through RMDS on 1 (one) subsequent work day after the Transaction Date.
- (6) In the event that the RMDS application suffers from any disturbances, then the cancellation shall be conducted using telephone facility with a reconfirmation through SWIFT or Facsimile.

Article 22

- (1) The Selling Bank must keep and administer all documents related to the *WEB* sale and purchase transaction in an orderly manner and responsibly for the purpose of examination by Bank Indonesia.

Article 23

- (1) Settlement for the foreign currency against rupiah mechanism:
 - a. Bank Indonesia shall deliver the rupiah equivalent value to the Selling Bank, 2 (two) Work Days after the Transaction Date by



crediting the Current Rupiah Account of the Selling Bank at Bank Indonesia.

- b. The crediting of the rupiah equivalent valued by Bank Indonesia as referred in paragraph (1) letter a shall be conducted based on the following calculation:

$$\text{NT} = \frac{\text{N} \times 360}{360 + (\text{H} \times \text{D})} \times \text{k} \quad \text{_____}$$

NT = Cash Value

N = Bill of Exchange nominal value

D = Discount rate on the transaction date

H = Discount day calculated since the Currency Date until the due date of the WEB.

k = Purchase rate, Bank Indonesia Transaction Rate

(2) Settlement mechanism for the same foreign currency:

- a. Bank Indonesia shall deliver the foreign currency equivalent rate to the Selling Bank, 2 (two) Work Days after the Transaction Date by crediting the account of the Selling Bank account at the corresponding bank.



- b. The crediting of the foreign currency equivalent rate by Bank Indonesia as referred in paragraph (2) letter a shall be conducted based on the following calculation:

$$\text{NT} = \frac{\text{N} \times 360}{360 + (\text{H} \times \text{D})}$$

NT = Cash Value

N = Bill of Exchange nominal value

D = Discount rate on the transaction date

H = Discount day calculated since the Currency Date until the due date of the *WEB*.

Article 24

Bank Indonesia shall announce the invalidation of *WEB* purchase as referred in Article 2 paragraph (2) through the Reuters facility or other facilities at the latest at 11.00 Western Indonesian Time.

CHAPTER V

CANCELLATION OF TRANSACTION

Article 25



- (1) Bank Indonesia may cancel the WEB purchase transaction which has been conducted if based on examination the following matters are found:
 - a. there are data inappropriate between the required documents as referred in Article 5 and the confirmation as referred in Article 18 paragraph (2); and/or
 - b. there are incorrect export documents which are required as referred in Article 5 with the confirmation as submitted by the Selling Bank to Bank Indonesia as referred in Article 18 paragraph (2); and/or
 - c. the export transaction which becomes the underlying of the issuance of the *WEB* is conducted by the Bank's affiliate which is not in accordance with Bank Indonesia regulation concerning Legal Lending Limit.
- (2) In the event that the Bank Indonesia conducts cancellation of the WEB purchase transaction as referred to in paragraph (1), Bank Indonesia shall firstly inform the cancellation of such transaction to the Selling Bank.
- (3) Upon the cancellation of the WEB purchase transaction as referred to in paragraph (2), then:
 - a. foreign currency against rupiah transaction mechanism



Bank Indonesia shall debit the Rupiah account of the Selling Bank in the amount of rupiah credited as referred to in Article 23 paragraph (1) plus interest at the amount of Bank Indonesia Certificate at the last auction in accordance with the time period and margin.

b. foreign currency against foreign currency transaction mechanism

Bank Indonesia shall debit the foreign currency account of the Selling Bank in the amount of foreign currency or its equivalent credited at the time of transaction settlement, as referred to in Article 23 paragraph (2), plus interests at the amount of Discount Rate and margin.

CHAPTER VI

SANCTIONS

Article 26

- (1) The Selling Bank shall be imposed with an administrative sanction of a written warning and the obligation to pay if based on the examination there are:
 - a. Inconsistencies between the required documents as referred to in Article 5 and the confirmation as referred to in Article 18



paragraph (2), shall be sanctioned with the obligation to pay Rp.5.000.000 (five million rupiah) per inconsistent item; and/or

- b. Incorrect export documents which are required as referred to in Article 5 with the confirmation which is delivered by the Selling Bank to Bank Indonesia as referred in Article 18 paragraph (2), shall be sanctioned with the obligation to pay 10% of the nominal of the transaction.

- (2) The execution of sanction as referred to in paragraph (1) shall be conducted by debiting the rupiah account of the Bank at Bank Indonesia.

CHAPTER VII

CLOSURES

Article 27

This Bank Indonesia Regulation comes into force as of the date of its enactment.

In order to be made known to all persons, to order the enactment of this Bank Indonesia Regulation to be published in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta



On December 5, 2008

GOVERNOR OF BANK INDONESIA,

WS

BOEDIONO

Enacted in Jakarta

On December 5, 2008

MINISTER OF LAW AND HUMAN RIGHTS

REPUBLIC OF INDONESIA

AD INTERIM,

WS

WIDODO A. S.

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 195 OF
2008

DINT

Attachment of Bank Indonesia Regulation No.10/34/PBI/2008 dated 5
December 2008

Attachment 1

No.

*) To:

Foreign Currency Management Directorate

Head Office of Bank Indonesia

Jl. M.H. Thamrin No.2

J A K A R T A 1 0 0 1 0

**)Attention.

Chairman of Bank Indonesia.....

Jl.....

L E T T E R O F S T A T E M E N T

Dear Sir,

We.....(name of bank and address) hereby declares that all
of the documents that we have submitted for the purpose of the sales of
Export Usance Bills of Exchange to Bank Indonesia are correct and
appropriate as required by PBI No.10/ /PBI 2008 dated December 2008

concerning the Purchase Transaction of Export Usance Bills of Exchange by Bank Indonesia.

If in the future, after examination, it is proven that such documents are incorrect and inappropriate with the documents as required by PBI No.10/ /PBI 2008 dated December 2008 concerning the Purchase Transaction of Export Usance Bills of Exchange by Bank Indonesia, consequently we will be responsible and accept any sanction in accordance with the prevailing regulations.

Thus this letter of statement is submitted, thank you for your attention.

.....(name of the city),.....(date)

(Stamp)

(Name of the Administrator)

(Position)

*) Address of Bank Indonesia for the Head Office of the Selling Bank

domiciled in JABOTABEK

**) Address of the Bank of Indonesia for the Head Office of the Selling Agent

domiciled in the Working Territory of the Office of Bank Indonesia.